

Message Text

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11

ACTION AGR-08

INFO OCT-01 EUR-12 IO-11 ISO-00 FEA-01 CEA-01 CIAE-00

COME-00 DODE-00 EB-07 FRB-03 H-02 INR-07 INT-05 L-03

LAB-04 NSAE-00 NSC-05 PA-01 AID-05 CIEP-01 SS-15

STR-04 ITC-01 TRSE-00 USIA-06 PRS-01 SP-02 OMB-01

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R 121441Z MAR 76

FM AMEMBASSY THE HAGUE

TO SECSTATE WASHDC 7765

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY ROME

USMISSION EC BRUSSELS

USMISSION GENEVA

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STATE PASS AGRICULTURE

E.O. 11652: N/A

TAGS: ETRD, EAGR, EEC

SUBJECT: NONFAT DRY MILK MIXING REGULATIONS

REF: STATE 057607

1. AGATTACHE PASSED CONTENTS REF MESSAGE TO APPROPRIATE MINAG
OFFICIALS ON MARCH 11. ON BALANCE DUTCH OFFICIALS SYMPATHETIC U.S.
POSITION BUT REPEATEDLY STATED THAT SURPLUS NFDM WAS PROBLEM WHICH
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MUST BE DEALT WITH AND THE MIXING PROPOSAL WAS ONLY FEASIBLE

ALTERNATIVE. AGATTACHE REITERATED MIXING SCHEME ATTACKS ONLY SYMPTOMS AND NOT DISEASE SUGGESTING INCREASED MILK SUBSIDY SHOULD BE LINKED TO PRODUCTION CONTROLS IN SUCH A WAY TO HOLD FARM INCOME STEADY BUT ENCOURAGE DECREASED PRODUCTION. DUTCH LISTENED WITH INTENSE INTEREST.

2. EC LAWYERS HAVE CONVINCED DUTCH MINAG OFFICIALS THAT MIXING SCHEME DOES NOT REPEAT NOT VIOLATE GATT BINDINGS BECAUSE OF DEPOSIT FEATURE WHICH IS RECOVERABLE AND DOES NOT REPEAT NOT CONSTITUTE LEVY. DUTCH MAJOR CONCERN IS U.S. CONGRESSIONAL ACTION WHICH COULD FORCE RETALIATION AGAINST CANNED HAMS AND DUTCH TULIP BULBS OF WHICH SOME 500 MILLION SHIPPED U.S. ANNUALLY.

3. DUTCH OFFICIALS LAMENT FACT AHT 1973 U.S. EMBARGO CONTINUES TO BE USED AS RATIONALE FOR MIXING SCHEME WHILE FAILING TO TAKE INTO ACCOUNT ACRES ADDED TO PRODUCTION EFFORTS SINCE THAT TIME.

4. DUTCH AGREE THAT SOYBEAN IMPORT/STORAGE FEAUTE ONLY DELAYS THE INEVITABLE UNTIL THEY ARE RELEASED BACK INTO THE MARKET TO THE DISRUPTION OF IMPORT TRADE.

5. THEY AGREE ALSO THAT NFDI ACQUISITIONS DURING PURPORTED LIFE OF SCHEME WILL EXCEED MIXING SCHEME OUTFLOW AND LIKELIHOOD OF EXTENSION BEYOND PROPOSED SIX-MONTH PERIOD IS INEVITABLE AS WELL AS EASILY ACCOMPLISHED BY "QUALIFIED MAJORITY" VOTE OF COUNCIL.

6. FURTHER AGREED IS PRECEDENT FOR POTATOR MIXING SCHEME SHOULD SURPLUS POTATOES RESULT NEXT YEAR AS RESULT OF THIS YEAR'S EXHORBITANTLY HIGH PRICES.

7. DUTCH ARE NOT AWARE OF BRAZIL'S PURPORTED OFFER TO FINANCE IMPORT DEPOSIT.

8. AGATTACHE FORCEFULLY IMPRESSED UPON MINAG OFFICIALS THAT USG INTENDS TO PURSUE THIS MATTER VIGOROUSLY IN THE GATT.
GOULD

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Message Attributes

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